

STRATEGIC REPORT

FM14-21

Czech Republic

Reporting period:

01 September 2023 - 15 June 2024

Contents

1. Executive summary	3
2. Country Developments and effects of the Grants	4
3. Status of programmes	7
GENERAL.....	7
CZ-RESEARCH Research	7
CZ-ENVIRONMENT Environment, Ecosystem and Climate Change	8
CZ-HUMANRIGHTS Human Rights, Roma Inclusion and Domestic and Gender-based Violence....	9
CZ-JUSTICE Justice	10
CZ-HOMEAFFAIRS Home Affairs.....	11
CZ-EDUCATION Education	12
CZ-HEALTH Health	13
CZ-CULTURE Culture	14
CZ-GOVERNANCE Good Governance	15
4. Status of bilateral funds	16
5. Management and implementation	18
a. Management and control systems (MCS)	18
b. Complaints.....	19
c. Irregularities	19
d. Audit.....	21
6. Monitoring and evaluation	22
a. Monitoring.....	22
b. Evaluation.....	22
ANNEXES.....	23

1. EXECUTIVE SUMMARY

The National Focal Point (NFP) submits its seventh Strategic Report of the EEA and Norway Grants 2014-2021 in the Czech Republic to the Financial Mechanism Committee and to the Norwegian Ministry of Foreign Affairs, in accordance with Article 2.6 of the Regulations on the implementation of the EEA and Norwegian Financial Mechanisms 2014-2021.

Within the reporting period, all programmes were in the final stage of their implementation. In total, **541 projects** were supported under the programmes and the commitment rate across the programmes (excluding CZ-BF and CZ-TA) has achieved 99 % of the total allocation for the EEA and Norway Grants 2014-2021. Till 30 April 2024, 97 % of projects (527 projects) were successfully completed, only 12 projects postponed their implementation till 30 September 2024, using their own financial resources for completion. These projects are closely monitored by both the Programme Operators and the NFP.

The amount disbursed across all programmes (incl. CZ-BF and CZ-TA) by 31 December 2023 and certified by the Certifying Authority by 15 March 2024 equals 125.42 million EUR (approx. 69.51 % of the total allocation including programme co-financing). The percentage of incurred expenditures is calculated from the grant amounts before the reallocations of savings to the Fund for bilateral relations. Taking this into account the figures are proportional to the status of the implementation of EEA and Norway Grants in the Czech Republic, considering that majority of projects were completed only in April 2024 and their final payments have not been disbursed yet.

The programmes have been running smoothly without any significant problems. The delays in implementation of some projects across all programmes caused by the Covid-19 pandemic restrictions in 2020-2022 have been in most cases eliminated in 2023 and projects were successfully completed.

The Russian aggression to Ukraine caused some political, economic and social challenges in the Czech Republic, out of which the significant increase in energy and construction material prices, high inflation and appreciation of the Czech crown, has a notably adverse impact on the budgets across all projects and programmes. The NFP as well as the Programme Operators implemented the flexibility measures to help Project Promoters to adjust to these adverse conditions, but most Project Promoters and Programme Operators needed to cover additional costs from their own financial resources.

The overall aim of the Grants to reduce social and economic disparities and to strengthen bilateral relations with Donor State entities cannot be properly measured yet, as the final reports of projects and programmes have not been elaborated and submitted yet.

The NFP together with the Programme Operators employed the flexibility measures offered by the Donors and reallocated the savings from programmes to the Bilateral Fund leading to the increase of the Fund for bilateral relations by 2.583 MEUR. This amount will be distributed to the initiatives both at national level and for Bilateral Ambitions of several programmes. The formal amendments of the Annex B of the Memoranda of Understanding were issued on 25 June 2024.

The Joint Committee for the Bilateral Funds (JCBF) works quite smoothly using a written procedure, enhancing the efficiency of its decision-making processes.

With regard to the publicity and promotion, the NFP focuses on increasing awareness of general public on the EEA and Norway Grants and promoting successful projects. This effort primarily involves utilizing on-line forms of communication as well as organizing events for general public.

There are no key issues raised for the discussion at the Annual Meeting.

2. COUNTRY DEVELOPMENTS AND EFFECTS OF THE GRANTS

The Czech economy was on the edge of recession in 2023. Gross domestic product fell by 0.3 % in 2023, but is forecast to grow by 1.4 % this year. Households faced high inflation in 2023 (10.7 %), so their real consumption fell further. Inflation is expected to fall to 3 % in 2024. Labour market imbalances related to labour shortages continue to affect the whole labour market. As a result, despite the weak economic momentum, the unemployment rate could increase from 2.6 % in 2023 to 2.8 % in 2024. Continued strong labour demand and falling inflation in 2024 will lead to real wage growth. Economic growth in the euro-zone will remain weak in 2024.

As concerns the implementation of EEA and Norway Grants 2014-2021 in the Czech Republic, the Covid-19 pandemic restrictions caused some delays in project implementation across all programmes, but within the year 2023 nearly all delays were eliminated and projects successfully completed. The Russian invasion to Ukraine caused another political, economic and social challenges in the Czech Republic. As of 31 March 2024, there are currently 338 736 registered refugees from Ukraine in the Czech Republic.

The projects were struggling with high inflation in 2023. The inflation reached 10.7 %, which was 4.4 percentage points lower than in 2022. Despite the decline, this double-digit figure was the third highest since the establishment of the independent Czech Republic. As the projects were in the final stage of implementation, the additional costs due to these rising prices are being covered by Project Promoters from their own financial resources. The projects with investment components were challenged also by unstable construction market, which is marked by a shortage of Ukrainian workers and rising material costs. These challenges lead to slow progress of construction works and subsequently delay the project implementation. The NFP closely monitors projects that were not completed until the deadline 30 April 2024.

The appreciation of the Czech crown also cause exchange rate differences at the level of programmes. The Programme Operators initially calculated the exchange rate when launching of calls between 2020 and 2022, with an average rate of 25 or 26 CZK/EUR. However, in 2023 the average CZK/EUR exchange rate was 24.007 CZK/EUR with the trend from 23.30 CZK/EUR in the beginning of the year to the maximum rate 24.70 CZK/EUR at the end of the year. This shift in 2023 has led to an exchange rate difference exceeding 100 million CZK (ca 4 MEUR), that Programme Operators will need to cover from national sources.

The overall aim of the Grants to reduce social and economic disparities and to strengthen bilateral relations with Donor State entities was accented both in the call texts as well as in PDPs. Although the majority of projects finished their implementation till 30 April 2024, the contribution of the results on the level of projects or programmes is hardly measurable yet. Preliminary results seem that the programme results are mostly fulfilled at the level of outputs and outcomes.

The progress towards strengthening bilateral relations is being monitored in all bilateral projects in the programmes and also within the Fund for bilateral relations. Despite of the travel restriction during the Covid-19 pandemic times and limited capacity of the Donor partners in 2023 and first

half of 2024, the bilateral activities in the projects were finally delivered, but part of the approved bilateral initiatives (within Bilateral fund at national level) were postponed in the implementation till 31 July 2024. The bilateral effect was supported also by reallocation of the savings in programmes to the Fund for bilateral relations in the amount of 2.583 MEUR. This amount will be distributed to the initiatives in the Bilateral fund at national level and also to programmes (CZ-CULTURE, CZ-HEALTH, CZ-HUMAN RIGHTS, CZ-JUSTICE, CZ-GOVERNANCE, CZ-ENVIRONMENT) that prepared new calls/pre-defined initiatives for further strengthening of bilateral relations in the projects.

2.1 Horizontal Concerns

Horizontal concerns related to the inclusion and empowerment of Roma were supported in the Czech Republic especially within the CZ-HUMAN RIGHTS programme. Furthermore, in the Czech Republic there are Roma specific concerns addressed in the CZ-EDUCATION, CZ-CULTURE, and CZ-HEALTH programmes.

The horizontal concerns are covered also by the evaluation process of the Roma inclusion. The evaluation contained all relevant programmes mentioned above. The finding identified by external experts were discussed with all stakeholders at the debriefing meeting in November 2023. The participants confirmed that the findings are valuable and useful for the next programming period.

CZ-HUMAN RIGHTS

Under the Programme Area “Roma Inclusion and Empowerment” overall 22 projects (2 pre-defined projects, 20 open call projects) were implemented directly towards the Roma inclusion topic. These projects were implemented across most of the regions of the Czech Republic, nevertheless mostly in regions which challenge Roma issues on a daily basis.

The biggest issue under the pre-defined projects was a Roma and Sinti Centre in Prague, which construction part was unfortunately stopped due to insufficient time for successful completion of building works. Nevertheless, the Project Promoter (Museum of Romani culture) had shown an enthusiasm in soft educational project activities which has been successfully realized.

The second multilateral meeting for Project Promoters of projects focusing on Roma inclusion took place in April 2024 in Prague. This meeting served as a platform for exchange of knowledge and experience, networking and discussion with the Programme Operator and other stakeholders representing NGOs, municipalities and other interested subjects. The event was evaluated very positively as it was a unique opportunity to provide feedback of positive or negative experience with implementation of projects.

CZ-EDUCATION

The programme deals with the priority topic “Roma inclusion” within Outcome 4. The six contracted projects on Roma inclusion were successfully completed. Within 21 institutions that now apply inclusive education, most of them are oriented towards Roma. 384 teachers and multipliers were trained in methodology contributing to Roma inclusion. According to the last survey, about 4 600 Roma pupils can benefit from the improved skills of their teachers trained in inclusive education.

Based on conclusions from the evaluation report the reporting and data gathering on Roma inclusion are rather difficult because of ethical principles that follow binding regulations of the Ministry of Education, Youth and Sports regarding prevention and avoiding segregation of Roma pupils. Quantitative indicators are therefore based on qualified estimates.

CZ-CULTURE

The approach to Roma inclusion in the CZ-CULTURE programme consists in prioritization of projects that involve the cultural heritage of minorities and of projects which contribute to equality and integration of disadvantaged groups, especially the Roma. All 37 (36 + 1 PDP) projects within the programme dealing to some extent with the Roma inclusion concerns had approached to the successful completion until April 2024. Seven of them were entirely focused on Roma. The horizontal evaluation of Roma inclusion appreciated that about half of the total means of 553 mil. CZK granted to projects dealing with the Roma inclusion were streamed to the CZ-CULTURE programme and brought significant effects. Moreover, Roma participants are widely represented in the projects dealing with innovative approaches. This is a proven method how to support the process of bringing Roma culture closer to the majority population rather than direct interventions for inclusion of the segregated Roma community. Among 237 contemporary arts events related to social, ethnic or cultural minorities which have taken place so far, the Roma events were abundantly represented, and also thanks to them the indicator value will be exceeded ca six times.

At the very top there is the most visible and symbolic project reflecting Roma inclusion – the PDP “The Memorial to the victims of the Roma holocaust in Lety”. The project was accepted and enacted by a Government resolution, significant amount of national funds were spent for redemption of the former pig farm and cleaning the building site, and the EEA project implementation was managed by the Museum of Romani Culture with support of the Ministry of Culture. After 3-year implementation, the project was successfully completed and ceremonially opened on 23 April 2024, in the presence of the highest state officials including the President, the Prime Minister and the Deputy Ambassador of Norway. The memorial is now fully functional, accessible to the public, providing the outdoor exposition and interactive exhibition in the new visitor centre.

CZ-HEALTH

There were two submitted and selected projects dedicated to Roma inclusion (Open Call 2: (1) “Improvement of targeted prevention and early diagnostics in specific communicable and non-communicable diseases in selected socially excluded localities with Romani communities” delivered by Motol University Hospital in Prague and (2) “Saste Roma - Improving Health in Excluded Localities” delivered by St. Anne’s University Hospital in Brno).

Both projects were rather big and prolonged their implementation until April 2024 to achieve their predefined goals and to fulfil programme indicators. Both were successfully completed by the new deadline. Evaluation of both projects is positive as their results corresponds with the set goals.

The “Saste Roma” project proved great efforts to touch the Roma population (Brno Region) via available tools. A very user-friendly web page was created and remains in operation (see: <https://www.sasteroma.com/>). It provides clear information and important overview about the main health problems in socially excluded localities but mainly contacts to experts who are ready to help.

3. STATUS OF PROGRAMMES

GENERAL

Within the reporting period, all programmes were in the final stage of their implementation. All projects were selected (in total 541 projects) and were implemented. In total majority of projects (527 projects) were completed till 30 April 2024. 12 projects postponed their implementation beyond the deadline, with maximum deadline for completion till 30 September 2024. The reasons were delayed construction works and postponed official opening of reconstructed area or delay in testing the newly created methods and digitalisation of documents. All the activities realised after 30 April 2024 are paid from Project Promoters own sources. One project returned the grant in CZ-EDUCATION programme and one projects was cancelled in CZ-RESEARCH programme.

The Bilateral Ambitions of the programmes were realized based on the cooperation with the DPPs and more than half of the planned budgets are spent. In part of the programmes the budgets were increased and new calls for bilateral cooperation in projects were announced in April/May 2024.

Within all programmes the special concerns or conditions from the Programme Agreements are fulfilled or are being fulfilled continuously, part of them cannot be fulfilled with proper justification.

CZ-RESEARCH Research

The CZ-RESEARCH programme (KAPPA programme) entered the final stage of its implementation. Termination of one supported project was enforced by the PO in May 2023 due to a serious irregularity, thus as of the closing period, only 24 projects were in the implementation phase and were successfully completed till 30 April 2024.

In summer 2023 the PO processed the distribution of unspent funding among projects in implementation via an open call with the opportunity to include additional activities and to increase the project budgets. 11 projects were selected and ca 950 000 EUR in total were allocated to them. Simultaneously, the projects with the planned end in 2023 were extended so all 24 projects ended by April 2024. The remaining funds from open call (90 000 EUR) were reallocated to the Fund for bilateral relations in 1Q 2024 (by decision of Donors after acceptance of the Programme Committee). The Programme Agreement was revised accordingly.

Besides this prompt distribution of funds, the PO provided duly support to Project Promoters of running projects via guidance and advice, using help of the established "KAPPA consultants". As to the previously reported case with the Metamorph project where the financial irregularity led to suspicion of financial fraud by the Promoter InoCure (SME) and the project was terminated by force (May 2023) by the PO, the case is still under investigation of the Financial Office. The unspent funds from the project were included into the additional call and re-distributed to others.

The risks of the programme were low and are mitigated. The global and national situations such as Covid-19 pandemic and war in Ukraine did not significantly impact the programme. There is persisting uncertainty associated with the current economy and inflation development that can negatively affect the project budgets. However, as the projects did not include investments, the risks were low and mitigated thanks to unspent savings.

The special concerns in MoUs, i.e. the cooperation of SMEs with research institutions in applied research and conjunction of funds (both EEA and Norway Grants) are fulfilled automatically thanks

to the design of the KAPPA programme. The MoUs also address the support of projects focused on carbon capture and storage (CCS) in the share of approximately 30 % from Norway Grants part. The condition was fulfilled by two supported projects amounting in total 27 % from the Norway Grants. However, the terminated project Metamorph was unfortunately one of them, so the final share allocated to CCS will be lower.

The cooperation with the DPP (Research Council of Norway, RCN) is based on regular communication and consultations ad hoc whenever necessary. The RCN was closely involved in negotiations regarding the additional call, the termination of the Metamorph project, delimitation of 90 000 EUR to the Fund for bilateral relations and planning the closing event in 2025.

In this reporting period the PO was involved in rich bilateral and international cooperation: In September 2023, the PO participated in a regular meeting of Research Programme Operators, DPPs and the FMO organised in Reykjavík. A visit to the Icelandic Donor project partner ÍSOR was included. Further in September 2023 the PO organised the international conference SOILCON in Prague for ca 90 beneficiaries of EEA and Norway Grants and other interested participants. The PO also attended the mission-related conferences organised by Research POs in Portugal and in Poland. This whole series gave the opportunity to create new and strengthen existing bilateral cooperation as the events served similar purposes and provided a platform for common discussions and cooperation interconnected with European missions.

CZ-ENVIRONMENT Environment, Ecosystem and Climate Change

The Environment, Ecosystems and Climate Change Programme has entered the final phase of implementation. By the cut-off date, overall 164 projects completed their planned activities and one project has continued in realization after 30 April 2024 (those activities will be fully covered by its own financial resources). The fulfilment of the programme outcomes has continued; in several programme indicators target values reached even higher numbers than were originally planned, as also stated in previous Strategic Report. Exceeding these values was highly influenced by broader area where the projects directed their activities than was expected during the programme preparation phase. The final conference is planned in September 2024.

In previous reporting period, the most relevant risks monitored under the programme was the time risk caused by delays in launching the last open calls. Currently, it is already indicated (based on preliminary information from Project Promoters and their final reports) that projects, approved under the last calls, were fully capable to complete all planned activities until 30 April 2024. Therefore the Programme Operator did not have to deal with this risk at all.

As similarly in other programmes, also the CZ-ENVIRONMENT Programme Operator decided to re-allocate savings from outcomes to Bilateral Fund to be further used. Total amount of 605 000 EUR was transferred to the Fund for bilateral relations where 400 000 EUR will be used for pre-defined initiative and the rest will be used for pre-defined initiatives under the Bilateral Ambitions of the programme. This de-commitment was approved by the Cooperation Committee firstly in October 2023 and then, after consultations with the NFP and the FMO, submitted to Donors where approved in 1Q 2024. The Programme Agreement was amended accordingly. Under the Bilateral Ambitions of the programme, overall 10 initiatives were implemented so far.

The programme has been implemented in cooperation with the Donor Programme Partner which was very active during the whole preparation and implementation phase of the programme. The

DPP cooperated in scope of consultations over the preparation of calls. During the implementation phase, the DPP supports the PO as an advisory body during the Cooperation Committee meetings. The participation of the DPP within the programme is found effective as it is actively interested in the programme and its outcomes, outputs and publicity. The Programme Operators values the cooperation as positive as well.

Special conditions set out in the Programme Agreement related to ownership, insurance and maintenance of buildings were fulfilled continuously within projects approval and setting conditions for grant acceptance and within changes approval.

CZ-HUMANRIGHTS Human Rights, Roma Inclusion and Domestic and Gender-based Violence

The CZ-HUMAN RIGHTS programme has made significant progress towards its objective, outcomes and outputs. The values of some outcome and output indicators were exceeded mostly because they were underestimated at the time of programme preparation. By the cut-off date of the Strategic report, all 61 projects have followed the set plans and finished their implementation by the end of April 2024. The final event of the programme will be part of EEA and Norway Grants Festival in Prague planned on 21 September 2024.

One project had faced significant difficulties during its final phase of implementation – The Roma and Sinti Centre in Prague (PDP2) – the project scope was reduced from construction works due to major delays and lack of time for completion of all designated building works. In January 2024, the Project Promoter decided, after discussion with its founder (the Ministry of Culture) to reduce its activities to exhibitions and educational activities only which were realized in premises outside of the Centre. This decision has kept the purpose of the project no less valuable than with construction works, nevertheless not so complex. Regarding the significant savings within the Roma and Sinti Centre project, the Programme Operator decided to de-commit the savings from the project allocation and the programme itself with intention to use it under the Bilateral Ambitions of the programme. The reallocation of funds was approved by Donors in 2Q 2024.

Regarding the purpose and goal of the programme, gradual development of changes in all three areas and several positive developments at the level of legislation and systemic measures in the Czech Republic was possible to register. The establishment of several Roma platforms, employment of Roma advisors at authorities, and organization of initiatives for the prevention of early school leaving of Roma children have contributed to the empowerment of Roma, their greater engagement at a local level, and the capacity building of Roma NGOs. The Programme Operator even organized a networking event of Project Promoters, which served as a platform for meeting of Project Promoters of Roma active organizations. Activities in areas of Human Rights, such as different research and awareness raising activities, etc. were realized. Within the area of Domestic and Gender-based Violence, the capacity of the system for preventing and combatting domestic and gender-based violence has been strengthened.

As the implementation phase is reaching the final date, risks are less relevant than in previous reporting period. During the reporting period, all projects were monitored from the perspective of risk management. The Programme Operator now mostly focus on evaluation of final reports and reimbursement of final payment requests; these shall not be threaten by any kind of potential risk.

As indicated above, the savings under the PDP2 were agreed to be further used for an additional bilateral open call primarily addressed towards the already approved projects realized in bilateral partnerships. The open call was launched in May 2024. Previously there were approved 10 bilateral initiatives under the Bilateral Ambitions of the programme.

All conditions set in the Programme Agreement have been continuously addressed and some conditions were already fulfilled. There have been no obstacles when fulfilling the conditions so far.

Roma inclusion and their empowerment are emphasized topics of two pre-defined projects as well as of 20 projects that are implemented under the Programme Area “Roma Inclusion and Empowerment”.

CZ-JUSTICE Justice

Overall 8 projects (3 PDPs, 4 SGS and 1 open call project) successfully reached the final date of implementation period and completed their planned activities by 30 April 2024. After a major delay at the beginning of programme implementation period, which was referred in previous Strategic reports, progress in fulfilling the programme outcomes was made. Programme Operator has received final monitoring reports and final payment requests. It is highly expected, based on the preliminary received information, the goal of the programme will be reached up. The final event of the programme will be part of EEA and Norway Grants Festival in Prague planned on 21 September 2024.

As major savings were identified in several pre-defined projects, modification requests for extension of implementation period were approved with the aim to spend part of these financial resources for relevant additional activities.

As Project Promoters or the DPP were very active with bilateral proposals, new bilateral initiatives and possible use of these unspent funds within the Bilateral Ambitions were discussed as well. Therefore de-commitment of 100 000 EUR (project savings) from the programme to the Fund for bilateral relations were requested and further approved by Donors in 2Q 2024. These financial resources and other savings from CZ-HUMAN RIGHTS programme were used for additional bilateral open call and pre-defined initiative. The additional open call was announced in May 2024. By the end of the reporting period of this report, 13 bilateral initiatives were implemented under the Bilateral Ambitions so far.

No less important is the bilateral scope of the programme realized via cooperation between the PO and its DPP/IPO. Cooperation at the programme level, namely with the Directorate of Norwegian Correctional Services in the role of the DPP, is rated as valuable and fruitful by both stakeholders.

In general, DPP has a very positive assessment of the above-standard quality of cooperation with the Czech Republic at the level of individual projects and programme as such.

Based on the positive progress of the programme during the reporting period, there are no more risks relevant for the implementation phase. Time delays and bilateral relations risk, which were negatively influenced by Covid-19 pandemic in previous years, were successfully eliminated. Therefore the programme is heading to its successful completion.

Regarding the conditions set in the Programme Agreement, no changes were reported as these were continuously monitored during the further implementation process. The CZ-JUSTICE programme is not focused on Roma inclusion and no special measures were adopted in relation to the issue.

CZ-HOMEAFFAIRS Home Affairs

Despite interim delays, implementation of all projects implemented within the CZ-HOME AFFAIRS programme was successfully concluded by the cut-off date. The programme was rather small (four PDPs and 1 SGS), still it contained one outstanding investment project – PDP2 “Modernization of Police Training Centre”, which was very appreciated (see detailed presentations: <https://www.policie.cz/clanek/norske-fondy-realizovane-upvsp.aspx>). The final conference and opening of the new training premises in Kutná Hora took place in March 2024 together with the final conference of PDP1 “Enhanced Police competence in preventing and combating crime, strengthening communication skills with public and awareness of human rights” with the participation of the Minister of Interior of the Czech Republic and representatives of the Norwegian Embassy. As reported many times before, though the Police Training Centre was completed within deadlines, related indicator of achievement “Capacity usage of the new training centre during the first year of operation” (in the requested level of 66 %) cannot be fully delivered.

PDP3 “Improved utility of data within police information system” was another successful project. It contained number of components leading to improvement of international and national Police cooperation. It comprised enhancement of the use of information systems within Czech Police (instruments for data sharing on national and international level, such as the Schengen Information System “SIS II”) or development of the mobile application for the existing Anonymous Crisis Helpline intended for members and employees of the Czech security forces. As PDP3 was already the third project dedicated to cooperation within the Schengen area, it is possible to conclude that the Norway Grants had positive impact on the development of international cooperation of the Czech Republic within the Schengen area. Financial mechanisms provided the Czech Police Presidium with resources to improve the conditions for international cooperation, especially in the area of modernization, which is key to functioning within the Schengen area. This is also the case of the PDP4 “Cooperation between national Police, international entities and territorial self-government” focused on the exchange of information within anti-conflict teams at the international level. Implementation of PDP3 was successfully concluded in November 2023 by the final conference in the premises of the Police Presidium in Prague. The Final conference of the PDP4 took place in February 2024 in the new premises of the Training Centre in Kutná Hora.

The SGS contained four rather small projects dedicated to the up-to-date topic of fostering of media literacy to fight disinformation and hybrid threats. Implementation of all projects was finished; administrative completion is in the final stage.

There were in total three completed Bilateral Ambitions initiatives: (1) "Sharing good practice in state police cooperation with local authorities", (2) “Development of knowledge in the field of forensic expertise and new methods of investigation” and new (3) “Hate Crime” initiative (financed from savings). Still, rather low savings occurred that were not utilised. This is caused even by the fact that potential Norwegian partners were overburdened and could not take part in the bilateral activities to a greater extent.

In a nutshell, the programme was successful in terms of responding to the needs and priorities of the Czech Republic and enhancement of the international cooperation in the respective area and its implementation was completed. The final programme conference is planned for Autumn/Winter 2024.

As far as conditions set in the Programme Agreement are concerned, no changes were reported. Some of these conditions were fulfilled, some conditions were tracked continuously during the implementation process and thus fulfilled. One condition regarding calculation of the baseline value of the outcome 1 indicator "Share of target group with positive perception of police behaviour" is no more valid. Relevant indicator was updated and the baseline value was put into the result framework in GRACE through a technical modification of the Programme Agreement. The PO is about to provide the target value.

CZ-EDUCATION Education

The CZ-EDUCATION programme is running smoothly while passing through its final phase in 2023/2024. By the end of 2023, 97 out of 107 contracted projects were completed and the remaining 10 (from the 4th call / Outcome 1 only) finished duly in January 2024 and till March 2024 also their final reports were approved. (The number of so far reported 107 contracted projects decreased to 106 completed projects as one project returned the grant). All projects had a Donor project partner and 80 % of them plan future cooperation. The overall contracting rate was 100 % and the real disbursement has reached 96 %. Despite the PO has to cope with the exchange rate development, the final balance of the programme seems to be fully satisfactory.

Almost all the indicators were achieved or even overachieved. A great progress has been seen in the fulfilling of the indicators related to the application of new methods for inclusion, democracy, and active citizenship. Also more than 17 000 pupils, among them 4 600 Roma, have benefitted from improved skills of their teachers in inclusive education.

From project's final reports the consolidation of consequences of the pandemic situation as well as difficulties caused by crisis in Ukraine are apparent. The delays were mostly mitigated, the projects prolongation allowed for a smooth completion, the capacities for inclusion were found. With respect to the advanced stage of implementation with all the projects completed no further risks are expected in the programme.

As to special concerns addressed in the MoU, democracy and citizenship education as well as inclusive education (especially Roma inclusion) were prioritized topics receiving extra points in the selection process. Projects addressing democracy and citizenship education are mainly in the Outcome 1 (notably primary school projects pay a lot of attention to these topics). It is in particular through the Outcome 4 that the programme includes concrete measures directly targeting Roma inclusion. The 2nd Call for proposals for the Outcome 4 was open only to projects covering Roma inclusion. Six projects were duly implemented.

The CZ-EDUCATION programme underwent several evaluations: the external thematic evaluations aimed at bilateral cooperation (FMO, Ecorys) and Roma inclusion (NFP, Naviga), the regular interim evaluation of the programme (NFP, Naviga) and an internal evaluation aimed at results of the programme (analytic department at the PO). Across all evaluations, the programme comes out as well-built and its contributions to valuable topics as beneficial and desirable.

During the final period, the PO has focused on proper publicity, to deepening bilateral relations and coordination with other POs of Education programmes. The PO organized a two-day closing event on 24-25 April 2024 in Prague for ca 135 participants, 41 of them from Donor states. The event consisted of discussion panels, workshops and presentations, the representatives of DPPs actively participated, representatives from selected projects as well as public administration officials (Ministry of Culture, Ministry of Finance/NFP) and the Norwegian Embassy took part. The event was highly appreciated, bilateral and international relations were strengthened, sharing of best practice and lessons learned were highlighted and publicized. The impact was stressed by issuing a printed publication "The Path to Quality Education" with stories of successful projects. The conference was financed from the Bilateral Ambitions in amount 30 000 EUR approved by the JCBF.

PO will finish all administration during summer 2024 and intends to prepare the Final Programme Report just in November 2024. Only staff participation in the planned PO/DPP/FMO meeting on 5-6 November 2024, Brussels, covered from Bilateral Ambitions, is expected.

CZ-HEALTH Health

There were 3 PDPs, 2 Open Calls and 3 Small Grant Schemes (SGS) within the CZ-HEALTH programme. Implementation of all projects was successfully completed before 30 April 2024. Administrative conclusion is proceeding well. The final event of the programme will be part of EEA and Norway Grants Festival in Prague planned on 21 September 2024.

There is visible general agreement on the relevance, benefit and necessity of the topics covered by the CZ-HEALTH programme, mainly regarding topics (a) „Mental Health of Children and Adolescents“ and (b) "Support for Patient Organizations". The (a) Mental Health – gained importance during the Covid-19 pandemic and closeness of the war and was considered underestimated over the long term. The (b) Patient Organizations – were addressed systematically for the first time and creation of the National Association of Patient Organizations („NAPO“) is a success.

PDP1 "The Triple P programme" – Despite initial obstacles within implementation team, the PDP1 was successfully completed, with 55 new providers of interventions in 20 centres. 280 parents have already completed the Triple P programme intervention. Large support to ensure continuation of interventions and to develop what has been achieved within the project will be needed. Follow-up project (OP Employment+) has already been granted.

The implementation of the PDP2 "AMR prevention" went very well, not only in terms of the actual implementation, but also administratively. The project's information campaign has been completed with a reach of more than 2.8 million people on Facebook, animated clips on Youtube attracted more than 2.4 million views. Without any doubt, the project contributed to the widely discussed topic of "antibiotic resistance". The project was finished in December 2023. Detailed analysis of data from cooperating general practitioners has been evaluated, with a reported decrease of antibiotic use in the Czech Republic by 0.59 %.

PDP3 "The Patient Hub" establishing centre for education and training to strengthen the role of patient organizations in the health system was also finished. The hub spaces were used by patient organizations less than expected (mainly for trainings/conferences and informal meetings). Unfortunately, negotiations between the Ministry of Health and the new umbrella organization (NAPO) reached the dead end. Therefore, sustainability of the established web portal will be

ensured by the Ministry of Health (not by NAPO) which will continue with the training and e-learning activities. All purchased equipment were moved to the premises of the Ministry of Health.

As far as projects supported within Open Calls and SGS are concerned, all of them are reported as successfully completed. Two projects were dedicated to Roma minority (Open Call 2) and falls under the specific condition set by the Programme Agreement stipulating that “at least 10 % of the total programme allocation shall address improved access to health for vulnerable groups/people and deprived areas”. The final ratio of disbursed financial resources will be available only in the Final Programme Report, but taking current financial status of the programme into account, this precondition will not be fulfilled. This fact was reported many times before and could not be influenced by the PO or the NFP responsible for implementation.

Within programme in total 21 bilateral initiatives were supported. As the saving in the finished projects occurred, the PO proposed to reallocate them to the Bilateral Ambitions to strengthen bilateral cooperation in the programme. The proposal to reallocate the funds was approved by Donors in 2Q 2024. New predefined initiative “Conscious Path to the Resilient Academic Community” is prepared by Charles University and its partner Norwegian Centre for Violence and Traumatic Stress Studies. The cooperation between Charles University and NKVTS will address the tragic event (mass shooting) of 21 December 2023 in the Faculty of Arts. The new call for proposals within Bilateral Ambitions was announced with allocation amounting to 230 000 EUR in May 2024. The aim of the call is to deepen bilateral cooperation in improving prevention and reducing health inequalities (within all existing outcomes of the programme).

Cooperation with the DPP has been excellent since the beginning of the programme. The DPP even assisted in preparation of one pre-defined initiative within the new bilateral call. Norwegian experts will share their experience with attacks in public space, which is a very current topic for the Czech Republic.

CZ-CULTURE Culture

The CZ-CULTURE programme is running smoothly while passing through its final phase in 2023/2024. Out of 115 supported projects about half ended in late 2023, the second half was finished until April 2024. Eleven projects were prolonged by several months beyond April 2024 so they can achieve the grant purpose even if for their own funds. The overall status of disbursement – 66 % of the re-granting allocation corresponds to the completion and gradual approvals of final reports and settlements till the Strategic report cut-off date. The final event of the programme will be part of EEA and Norway Grants Festival in Prague planned on 21 September 2024.

The pre-defined project “The Memorial to the victims of the Roma holocaust in Lety” has progressed to the final phase. The building including surrounding landscaping was completed at the turn of years 2023/24, installations of internal and finishing the external exhibitions followed. Despite some administrative delays in obtaining the final construction approval the memorial was ceremonially opened tightly in time on 23 April 2024, in the presence of the President of the Czech Republic, the Prime Minister, the Minister of Culture and the Minister of Foreign Affairs, representatives from the Norwegian, German and Canadian Embassies and other officials, Roma activists and the public, under live broadcast of national media. The memorial is now fully functional, accessible to the public, providing interactive exhibition in the new visitor centre, surrounded by necessary infrastructure, park landscaping and outdoor artworks. Educational and

mission activities started and pupils from several schools visited the memorial and provided feedback to the Project Promoter – the Museum of Romani culture.

The overall risk of the programme has not changed much compared to the previous periods. Some risks were partially mitigated or overcome. However, the recently identified impact of increased prices and energy crisis in combination with the war in Ukraine and further in 2022/23 due to deep inflation, provided still a negative financial impact on projects in both Outcomes in 2023/24. There were projects with financial difficulties which were individually consulted and provided support, the budgets were recalculated and optimized and implementation periods prolonged. The risk related to the PDP project was minimized by establishing regular monitoring sessions NFP/PO/PP with the Promoter organized by the NFP on monthly basis until the successful completion in April 2024 (in total 24 sessions took place).

As to bilateral cooperation, approximately 80 % of all projects (89 projects) were implemented in cooperation with Norwegian and Icelandic partners. The PO organized two seminars for the Project Promoters and their bilateral partners in March 2024. The bilateral collaboration in projects is well functioning and perceived as beneficial also thanks to the good cooperation with the DPPs. That was also confirmed in the performed interim evaluation of the CZ-CULTURE programme in spring 2023. During the reporting period two regular Cooperation Committee meetings took place – in October 2023 in Brno and in March 2024 in Prague. The partners were helpful in resolving the problems in several projects that could not keep the final deadline of April 2024. They also approved the increase of the Bilateral Ambitions (based on Donor decision as reallocation of savings from various programmes) and supported utilization of funds in the IDU/ACN initiative “Adaptation models in Culture” and launch of the open call for bilateral projects in programme with allocation amounting to 400 000 EUR. On 13 May 2024 Programme Operator announced the call and due to high interest, the allocation of the call was exhausted after only 2 hours from announcement (15 applications within the allocation and other applications on the reserve list).

Among special concerns mentioned in the MoU the Roma inclusion was addressed through prioritization of projects in open calls that involve the cultural heritage of minorities, e.g. German, Jewish, Roma and other. The condition was fulfilled by 37 projects from the open calls and pre-defined project “Memorial in Lety”.

CZ-GOVERNANCE Good Governance

The CZ-GOVERNANCE was another rather small programme consisting of 5 PDPs and one SGS. All the projects were concluded by April 2024. Even though both PDP3 “Strengthening public financial management and control” and PDP5 “Strengthening the Fight against Corruption by Increasing General Awareness of the Public Sector Focusing on Judges, Prosecutors and Public Administration” were successfully completed with all activities delivered, both projects generated significant savings (approx. 600 000 EUR in total). Savings occurred due to lower costs spent on personal expenses and project management or rentals and travel costs. The savings are to be used for one new bilateral activity within the CZ-GOVERNANCE programme and transferred to the Fund for bilateral relations.

As for the individual projects, the PDP2 “Evaluation of the public administration performance in the Czech Republic and recommendations for the further strategic development” delivered the long-awaited OECD’s Public Governance Review (“PGR”). Ceremonial presentation of the contents of the Review took place with the participation of a wider professional public and high-officials both

from the Czech state administration and from various non-profit organizations. The PGR was promoted and its results/recommendations disseminated. Training programme leading to improvement of the pro-client approach of public administrations was delivered as well as the “Trust survey” identifying the most significant factors influencing trust of citizens in public administration.

Even PDP1 “Improvement of preconditions for decentralisation and availability of public administration in the territory” is considered as very successful project and received funds that could hardly be received from the state budget. The FMs made possible to engage senior experts with an academic background and knowledge of public administration, which was very valuable. Despite common obstacles, PDP1 was concluded with results at high professional level, which was well noted not only in the Czech and Slovak Republics, but also in the wider European environment. The outputs were spread as transparently as possible among the public and interested parties, including Donors from Norway. The geolocation data, originally mentioned as a secondary output, eventually turned out to be extremely valuable and became a trademark of the project.

All 4 projects supported within SGS (“Support on the involvement of the public into decision-making processes and public consultations”) were progressing well, according to plans with minor modifications only and were completed duly as planned. Positive feedback on cooperation with Donor project partners (as well as with Czech partners) was reported already in previous Strategic report. Project SGS1 – 001 - „PART-NET - PARTicipace a NETworking (Healthy Cities of the Czech Republic)” can be considered as a good practice example with the largest scope of activities and great Czech-Norwegian cooperation (Sunne Kommuner/Healthy Cities Network, Innlandet region: Regional Forum for Participation).

One last bilateral PDI (submitted by “Healthy Cities of the Czech Republic”) called “Bilateral Cooperation Between Czech and Icelandic Healthy Cities – Good Practice Exchange” was approved in March 2024. The partners of the initiative are the City of Reykjavik and the Health Promoting Community - Iceland Healthy City National Network. The PDI is focused on sharing information about participation, well-being approaches and best practice examples in both countries and recommendations of improvements for municipalities/regions.

The final event of the programme will be part of EEA and Norway Grants Festival in Prague planned on 21 September 2024.

As reported in previous Strategic report, special conditions from the Programme Agreement were fulfilled or were being fulfilled continuously. Special attention was taken to inform the FMO and the Royal Norwegian Embassy in Prague about important occasions.

4. STATUS OF BILATERAL FUNDS

The JCBF works regularly via written procedure and all members agreed that there is currently no need to organise the 5th JCBF meeting in 2024. All decisions of the JCBF and the revisions of the Work Plan were reached through the consensus of all members using a written procedure. The Committee works quite smoothly (e. g. reaching a consensus among all JCBF members when assessing the submitted applications has been challenging and time-consuming in some cases). The NFP, as a secretary of the Committee, provides all the necessary information for the decision-making. For the reporting period, the written procedure is deemed to have been effective and sufficient for there not to be a need for in-person or online meetings.

The Work Plan was updated three times during the reporting period. The first modification was adopted on 15 January 2024. The JCBF agreed to adopt the new Pre-Defined Initiative (PDI) to make good use of unspent funds from the CZ-ENVIRONMENT and CZ-GOVERNANCE programmes. The initiative was aimed to improve access to primary health care for Ukrainian refugees and Roma in the Czech Republic. The total budget of the PDI was 500 000 EUR. The second and the third amendments of the Work Plan were adopted on 20 February and 17 April 2024. The main changes were related to the reallocations of the unspent funds from the various programmes. The reallocations are described in detail below.

The 4th Open Call was closed by the end of 2023. The NFP received 95 grant applications with the total requested grant amount of 1 757 767 EUR. 72 grant applications were approved for a total amount of EUR 1 150 528. Besides the newly approved initiatives in the respective period, overall 16 initiatives were administratively completed by approval of their final reports and payment request reimbursements.

As for the pre-defined initiatives (PDIs), one new PDI was adopted by the JCBF during the reporting period. The new PDI 10 “Improving access to primary healthcare services for most marginalized communities in the Czech Republic” implemented by the National Institute of Public Health started in February 2024. The initiative is a continuation of the previous project implemented from February 2023 to January 2024 with the support of UNICEF, which is part of the national project Ukraine, managed by the Ministry of Health of the Czech Republic. The Czech-Liechtenstein school exchange (PDI 1) continued with the approved initiative On the Traces 2023 in September 2023 and the last visits to Liechtenstein and to the CR - On the Traces 2024 - are expected in early autumn 2024. The JCBF agreed on the increase of the budget of the PDI 1 to allow the schools realise the last school exchange in 2024. The two previously approved PDIs (the Cultural Heritage and Climate Change Symposium and The My Father’s Story in the Krkonoše Museum) were successfully completed and their final reports are under the approval process.

No new PDIs are currently indicated and no more open calls will be held.

Regarding the implementation process of the approved initiatives, the monitoring carried out by the NFP has continued. Unfortunately, there are three cases of bilateral initiatives that have been awarded the grant but cannot implement the project (two of them withdrew from the grant - “Sustainable public management and active citizenship: Evidence from the Czech Republic and Norway” by ŠKODA AUTO VYSOKÁ ŠKOLA o.p.s. and “Designing indoor and outdoor classrooms for a new educational centre in Karlovy Vary focused on Forest education of kindergarten and schoolchildren” by Lázeňské lesy a parky Karlovy Vary, p.o., one probably did not fulfil the purpose and the NFP reported the case to the Financial Office for return of the grant – “Education and Training on Sustainable Development, towards the active citizens’ involvement and behaviour” by Institut Profesionálního Rozvoje s.r.o.). In the respective period, the final reimbursement of PDI 7 (focusing on supporting Ukrainian teachers and students in the Czech Republic) with the Bilateral fund biggest allocation (exceeding 11 million CZK/450 000 EUR) was proceeded.

The NFP, in close cooperation with other Programme Operators and their DPPs and under consultations with the FMO prepared the comprehensive reallocations of unspent funds from programmes (total of 2 583 000 EUR) to be transferred to the Bilateral Fund to be further utilized for Bilateral Ambition open calls, pre-defined initiatives and national bilateral call increase. The process was administered in two steps, taking into account especially the urgent need of the CZ-EDUCATION programme that satisfied their Expression of interest for additional 30 000 EUR in

August 2023. They utilised the funds for the bilateral closing event in April 2024. Similarly, the CZ-CULTURE programme received additional 42 000 EUR to the BA fund to cover the cooperation of the Czech Programme Partner IDU with Arts Council Norway, and further 400 000 EUR to launch the last open call for bilateral initiatives in spring 2024. The other Programme Operators such of CZ-HEALTH, CZ-HUMAN RIGHTS and CZ-JUSTICE programmes, opened additional bilateral open calls for Project Promoters who already implement/implemented their projects in bilateral partnerships as well. The overall amount allocated for these open calls reaches up to 880 000 EUR and is available till depletion of the amount or till 30 September 2024 at the latest. Additional unspent financial resources transferred from re-granting of these programmes (170 000 EUR) are dedicated to being used for pre-defined initiatives under the Bilateral Ambitions of the programmes, as well as 55 000 EUR within the CZ-GOVERNANCE programme and 205 000 EUR within the Bilateral Ambitions of the CZ-ENVIRONMENT who actively cooperate with their DPP/IPO in preparation of the initiatives.

The text of this chapter was consulted and agreed on by the JCBF via written procedure.

5. MANAGEMENT AND IMPLEMENTATION

a. Management and control systems (MCS)

Within the reporting period there were no major organisational changes and modification of the Management and control system at national level.

As concerns staffing of the National Focal Point, it was generally stable in the reporting period.

There was a change in the staffing of the Certifying Authority over the past period. Two experienced employees left the department. New employees will probably be hired in September 2024.

As of 1 January 2024, the reorganisation within the Audit Authority Department took place, the audit work is onwards carried out by the unit "Audit of the National Recovery Plan and other programmes". All the auditors who have been performing the audit work for EEA/Norway Grants remain in their full duty with their historical knowledge, they have only been organizationally transferred into another unit. The administrative capacity of the AA has consistently been insufficient, even lowered since January 2024, but for now, the execution of ongoing audit tasks is not critically threatened.

The NFP together with the Programme Operators employed the flexibility measures offered by the Donors as concerned the reallocations from programmes to the Bilateral Fund (letter of 4 October 2023). Preliminary the reallocations were introduced by the NFP during the Annual Meeting in November 2023 and finally confirmed via e-mails after the Donors' approval during the first months of 2024. The formal amendments of the Annex B of the Memoranda of Understanding on the implementation of the EEA Financial Mechanism 2014-2021 and the Norwegian Financial Mechanism 2014-2021 were approved by both the Donors and the NFP on 25 June 2024 by the mean of exchange of letters. The reallocations were approved from the programmes CZ-HEALTH, CZ-GOVERNANCE, CZ-RESEARCH, CZ-ENVIRONMENT, CZ-HUMAN RIGHTS and CZ-JUSTICE, simultaneously increasing CZ-BF. The Bilateral Ambitions were strengthened for CZ-HEALTH, CZ-CULTURE, CZ-GOVERNANCE, CZ-ENVIRONMENT, CZ-HUMAN RIGHTS and CZ-JUSTICE (for details see chapter 4).

Deloitte Advisory, Ltd., the external assistance contracted for the whole implementation period of EEA and Norway Grants 2014-2021, has conducted annual supervision of the NFP activities and responsibilities and ensured verification of compliance with the set methodology and conditions.

The regular 5th supervision covered the period 05/2023 – 04/2024, using the approved methodology of investigations and interviews. The NFP staff was duly examined, as well as the POs of chosen programmes – CZ-CULTURE (managed by the Programme Operator Ministry of Finance) and CZ-ENVIRONMENT (managed by an external Programme Operator – State Environmental Fund). The 5th report was completed in June 2024, no findings were identified nor recommendations formulated.

b. Complaints

The complaint mechanism for the EEA and Norway Grants 2014-2021 is established and procedures how to submit complaints are visible on the NFP website www.eegrants.cz and www.norwaygrants.cz.

In the reporting period, one new complaint was submitted to the NFP. It was related to the CZ-RESEARCH programme and in cooperation with the Programme Operator finally considered as misunderstanding. The complainer was properly informed and provided with the explanation.

c. Irregularities

The irregularities till now were discovered in programmes:

- CZ-BF (**IR-4**: closed/error in payment claim/amount reported in irregularity report – 24.70 EUR - only grant part; **IR-3**: closed/error in payment claim/219.13 EUR - only grant part; **IR-22**: closed/error in payment claim/125.94 EUR - only grant part),
- CZ-HEALTH (**IR-7**: closed/error in payment claim/533.41 EUR - including PRG co-financing; **IR-117**: closed/error in financial report/213.25 EUR - including PRG co-financing; **IR-287** - **suspected**: ongoing/deviation from public procurement rules/principles/7 583.97 EUR - including PRG co-financing; **IR-288**: closed/error in financial report/14 EUR – including PRG co-financing),
- CZ-CULTURE (**IR-5**: closed/error in payment claim/131.06 EUR - including PRG co-financing; **IR-6**: closed/error in payment claim/81.58 EUR - including PRG co-financing; **IR-60**: closed/error in payment claim/38.14 EUR - including PRG co-financing; **IR-118**: closed/error in financial report/319.82 EUR - including PRG co-financing; **IR-232**: ongoing/error in payment claim/87.49 EUR - including PRG co-financing; **IR-233**: closed/error in payment claim/2 437.95 EUR - including PRG co-financing; **IR-234** – **suspected**: ongoing/deviation from public procurement rules/principles/4 157.44 EUR - including PRG co-financing; **IR-286** – **suspected**: ongoing/deviation from project contract/6 744.96 EUR - including PRG co-financing; **IR-338**: ongoing/error in payment claim/161.57 EUR - including PRG co-financing),
- CZ-JUSTICE (**IR-8**: closed/error in payment claim/20.86 EUR - including PRG co-financing; **IR-120**: closed/error in financial report/1 217.07 EUR - including PRG co-financing; **IR-229**: closed/error in payment claim/0.28 EUR - including PRG co-financing),
- CZ-RESEARCH (**IR-59**: closed/error in payment claim/1 EUR - including PRG co-financing; **IR-197**: ongoing/deviation from project contract/11 918.41 EUR - including PRG co-financing; **IR-228**: closed/error in payment claim/41.00 EUR - including PRG co-financing; **IR-236** –

- suspected/immediate irregularity:** ongoing/fraud/corruption/467 213.00 EUR - including PRG co-financing); **IR-283:** ongoing/ deviation from project contract /5 460 EUR - including PRG co-financing; **IR-284:** ongoing/ deviation from project contract /8 277 EUR - including PRG co-financing; **IR-285:** ongoing/deviation from project contract/9 188 EUR - including PRG co-financing; **IR-309:** ongoing/deviation from project contract/6 586.68 EUR - including PRG co-financing; **IR-310 – suspected:** ongoing/deviation from project contract/6 364.41 EUR - including PRG co-financing; **IR-330:** ongoing/deviation from project contract/9 216.28 EUR - including PRG co-financing,
- CZ-ENVIRONMENT (**IR-61:** closed/error in payment claim/4.62 EUR - including PRG co-financing; **IR-78:** closed/error in financial report/616.42 EUR - including PRG co-financing; **IR-122:** closed/error in financial report/131.47 EUR - including PRG co-financing; **IR-230:** closed/error in payment claim/312.00 EUR - including PRG co-financing; **IR-231:** closed/error in payment claim/4 264.40 EUR - including PRG co-financing; **IR-261:** closed/error in financial report/0.80 EUR - including PRG co-financing; **IR-262:** ongoing/error in financial report/17 363.00 EUR - including PRG co-financing; **IR-263 – suspected:** ongoing/deviation from public procurement rules/principles/22 550.00 EUR - including PRG co-financing; **IR-264 – suspected:** ongoing/deviation from public procurement rules/principles/40 679.00 EUR - including PRG co-financing),
 - CZ-HUMAN RIGHTS (**IR-79:** closed/error in financial report/75.36 EUR - including PRG co-financing; **IR-119:** closed/error in financial report/1 903.27 EUR - including PRG co-financing; **IR-173:** closed/deviation from public procurement rules/principles/158 954.00 EUR - including PRG co-financing; **IR-196 – suspected:** ongoing/deviation from public procurement rules/principles/86.93 EUR - including PRG co-financing); **IR-329:** ongoing/deviation from public procurement rules/principles/752.07 EUR - including PRG co-financing),
 - CZ-EDUCATION (**IR-123:** closed/error in financial report/1 179.46 EUR - including PRG co-financing; **IR-265:** closed/error in financial report/0.08 EUR - including PRG co-financing),
 - CZ-GOVERNANCE (**IR-124:** closed/error in financial report/5 763.49 EUR - including PRG co-financing),
 - CZ-HOME AFFAIRS (**IR-121:** ongoing/error in financial report/484.70 EUR - including PRG co-financing; **IR-260:** closed/error in financial report/5 578.00 EUR - including PRG co-financing).

Most of the irregularities that have been discovered and reported to the FMO so far (in total 48 including 8 suspected), have been discovered during the CA verification of the Programme Operator's and Project Promoter's management cost. 25 irregularities were identified at programme level whereas 20 at project level and 3 in Fund for bilateral relations. Programme Operator (or Project Promoter) mostly claimed expenses that are considered ineligible from the Guideline of NFP for eligible expenditures under EEA/Norwegian FM 2014-2021 or Regulation point of view (e.g. expenses not accounted under FM, incorrectly calculated or demanded wage cost or travel expenses). The Programme Operator was notified of these irregularities so the similar expenditures (mainly of the management costs) should not appear in the future. As the implementation of the programmes and the projects proceeds, more of the irregularities is detected within the re-granting. Since last Strategic report there have occurred significant cases IR-236 and IR-310 connected to the same Project Promoter that is in insolvency and the project itself had to be terminated. By the end of June 2024 there are 17 irregularities in status ongoing in GrACE and 31 cases have been already closed.

d. Audit

In accordance with the Audit strategy, 3 system audits were carried out and completed in the last quarter of the 2023 audit period:

- the system audit aimed at verification of the key requirement No. 4 – Adequate management verifications of the programme CZ-RESEARCH at the PO Technology Agency (FM3/2023/S/001) with 1 finding with a low importance and no financial impact identified,
- the system audit aimed at verification of all relevant key requirements for the system of financing of Technical assistance at the National Focal Point entity (FM3/2023/S/002) with no findings identified,
- the system audit aimed at verification of activities in responsibility of CA and Irregularities Authority according to the Regulations as well as the audit of specific activities in responsibility of the CA ensuring the functioning of the management and control system for all programmes in the scope of all relevant key requirements at the Certification Authority and Irregularity Authority entities (FM3/2023/S/003) with no findings identified.

The scope of these audits and their results were described in the Annual audit report 2023.

Furthermore, 2 follow-up audits to verify the implementation of the actions taken by the auditee for findings identified within the system audit was carried out in the last quarter of the 2023 audit period for following system audits:

- follow-up audit for the system audit aimed at verification of the functionality of the management and control system of the programme CZ-RESEARCH (FM3/2022/S/001) with the conclusion that remedy action was implemented and
- follow-up audit for the system audit aimed at verification of the key requirement No. 4 – Adequate management verifications of the programmes CZ-HEALTH, CZ-CULTURE, CZ-GOVERNANCE, CZ-HUMAN RIGHTS and CZ-JUSTICE at the PO Ministry of Finance (FM3/2022/S/004) with the conclusion that remedy action was implemented as appropriate.

In the 2024 audit period the AA has updated the Audit strategy. The update consisted in system audits plan, risk assessment updates and the description of the changes in organizational structure of the Audit Authority Department. The updated Audit strategy has been provided to the FMO in March 2024.

There is no system audit planned for 2024. By the end of the 2024 audit period the AA plans to carry out 1 follow-up audit to verify the implementation of the action taken by the auditee for finding identified within the previous system audit (FM3/2023/S/001).

A sample of expenditure for audits of operation performed in 2024 has been selected for the audit reference period covering period from 1 July 2022 to 30 June 2023. From the selected sample of expenditure, the AA has compiled an audit plan to ensure auditing of actual expenditures declared within the given reference period, which contains expenditure for projects implemented within all 9 implemented programmes (CZ-RESEARCH, CZ-EDUCATION, CZ-HEALTH, CZ-CULTURE, CZ-GOVERNANCE, CZ-ENVIRONMENT, CZ-HUMAN RIGHTS, CZ-JUSTICE, CZ-HOME AFFAIRS) and expenditure for bilateral initiatives, programmes management and Technical assistance.

The scope and results of the follow-up audit and the audits of operations will be described in the Annual audit report 2024.

6. MONITORING AND EVALUATION

a. Monitoring

The NFP duly used their regular monitoring tools i.e. Steering Committee meetings. Taking the practical experience into account, the meetings are organized annually or whenever needed. The NFP staff keeps participation also at meetings of Cooperation Committees and at the Programme Committee in relevant programmes as an observer. As usually, the NFP checked the APRs and IFRs (indicators) of the programmes prior submitting to the FMO and keeps the risk assessment survey updated. Moreover, the NFP monitors the Bilateral Ambitions in programmes via regular semi-annual monitoring reports submitted by the Programme Operators in relation to preparation of the Bilateral Fund IFR. During this period, the communication between the NFP and POs was very flexible and more frequent due to optimisation of the final disbursement in all programmes and negotiations on reallocations of unused funds from programmes to the Fund for bilateral relations or satisfying the expression of interest in those programmes where Bilateral Ambitions can absorb the unused funds. The representatives of the NFP take part as an observer at Programme Operators' public administrative controls of projects in all programmes and occasionally attend promo events of greater importance.

The NFP continued also the on-the-spot verification of programmes, including samples of projects with help of the contracted service Deloitte Advisory, Ltd. In this reporting period two programmes were checked on the spot – the CZ-ENVIRONMENT in Autumn 2023 and CZ-RESEARCH in the 1Q 2024, both including project samples. The results of both verifications were favourable, only slight recommendations were formulated, especially on project level. Currently, no other on the spot verification is planned or necessary, all programmes had been covered.

b. Evaluation

As reported previously, the winner of public tender for independent evaluator (launched in 2022) is the company "Naviga Advisory and Evaluation" (<https://www.navigae.cz/>). The contract between Naviga and the Ministry of Finance in the role of the NFP is in force since 21 December 2022. Nine standard evaluation reports (programme focused or cross-sectoral, covering a crosscutting issues) shall be delivered by the end of 2024 and one country summary evaluation report (final evaluation report) will be delivered at the beginning of 2025.

Five evaluation reports have already been debriefed by cut-off date of this Strategic Report. These were dedicated to (1) CZ-CULTURE, (2) Roma Inclusion (crosscutting concern, based on projects from CZ-CULTURE, CZ-HEALTH, CZ-EDUCATION and CZ-HUMAN RIGHTS), (3) CZ-EDUCATION, (4) CZ-ENVIRONMENT and (5) CZ-HEALTH (debriefed in June 2024). The sixth – cross sectoral – report focused mainly on the Improving the efficiency and transparency of public administration (CZ-GOVERNANCE and partially CZ-HOME AFFAIRS) was in advanced stage of preparation, the NFP raised additional comments that needed to be addressed by evaluators and the completed report will be distributed for comments to relevant stakeholders in June/July 2024. The seventh crosscutting report concerning different kinds of discrimination, domestic and gender-based violence prevention and improvement of media literacy (within predefined target groups) was launched in May 2024 and should be drafted in the 2Q 2024. The 6th and 7th evaluation reports should be debriefed in the 3Q 2024.

There are two remaining evaluations scheduled for the second half of 2024: CZ-JUSTICE and CZ-RESEARCH. Both evaluations cover a single programme and taking the advanced stage of implementation of programmes, these evaluations can be partially considered as backward-looking (ex-post) and focus even on activities that have been concluded.

Based on the current status of the evaluation, it is expected that all reports will be delivered in time, without time-pressure and in sufficient quality as there will be sufficient space for comments and for their settlement.

The country summary evaluation report is scheduled for the beginning of 2025, but the evaluators have already collected number of suggestions (for improvement) and topics (of administrative nature) to be further elaborated in the final report. Number of topics that are common or similar under individual programmes have already been defined and noted in the respective debriefing meeting minutes. Each evaluation report contains set of conclusions and recommendations and the final evaluation report will contain the complete list of debriefed and agreed recommendations and the status of their fulfilment. However, it should be noted that majority of recommendations are aimed at future programming periods, provides lessons learnt and/or are dealing with sustainability and/or follow up works. It is hard if not impossible to react to such recommendations as there is no clear plan for the following programming period. The gap between FMs 2014-2021 and FMs 2021-2028 is huge and the content of the forthcoming FMs is not known yet.

ANNEXES

A. Risk assessment and management plan

B. Evaluation plan

C. Cooperation with Donor Programme Partners and/or International Partner Organisations

D. Technical assistance report

E. Communication summary